

Titling Tips

September 2003

Titling Tips is a quarterly publication of the Missouri Department of Revenue, Driver and Vehicle Services Bureau, P.O. Box 100, Jefferson City, MO 65105-0100.

NEW TITLING LAWS EFFECTIVE JULY 1, 2003

Due to emergency provisions in House Bill 600, the following legislative changes were effective July 1, 2003:

Trade-in Vehicle Sales Tax Credit

In order to receive a sales tax credit for any motor vehicle, trailer, all-terrain vehicle, boat, or outboard motor that is traded into a dealership **on or after July 1, 2003**, the purchaser claiming the trade-in tax credit must be the **titled owner** of the unit.

If a dealership accepts a vehicle/marinecraft as a trade-in but the titled owner of the unit is not the purchaser of the newly acquired unit, the dealer should **not list the trade-in or show a trade-in amount on the application for title or on the title assignment** (titles issued on or after July 1, 2003, contain an area in the assignment to record the net price and trade-in amount) as no sales tax credit would apply in this situation. The dealer may continue to list the trade-in on their invoice regardless of the sales tax credit eligibility.

Tax Amnesty

HB 600 provides for a tax amnesty period. Tax amnesty is an opportunity for individuals and businesses to pay state taxes that were due on or before December 31, 2002, without paying any interest or penalties (e.g., title penalties). Tax amnesty began on August 1, 2003, and will end October 31, 2003. Amnesty notices have been sent to eligible applicants whose lienholder has a perfected lien pending in the Department of Revenue's (department's) lien file. Missouri Tax Amnesty applications are available in all branch offices. Agent offices cannot accept

transactions involving tax amnesty. Tax amnesty is limited to the taxes administered by the department.

Documented Vessel In-Lieu Tax Increases

House Bill 600 increases the amount of in-lieu tax documented vessel purchasers must pay as noted below. The increased in-lieu tax amount applies to all vessels **purchased on or after July 1, 2003**, that are documented with the United States Coast Guard. Applications for a Documented Vessel Certificate of Registration must be submitted to the Jefferson City Central Office only.

Purchase Price Tax	Old Tax	New
Less than \$15,000	\$650	\$500
\$15,001 to \$30,000	\$650	\$650
\$30,001 to \$50,000	\$650	\$1,000
\$50,001 to \$100,000	\$1,250	\$1,400
\$100,001 to \$150,000	\$1,850	\$2,000
\$150,001 to \$200,000	\$2,450	\$3,000
\$200,001 to \$250,000	\$3,050	\$4,000
\$250,001 to \$300,000	\$3,050	\$5,000
\$300,001 to \$350,000	\$3,050	\$5,500
\$350,001 to \$400,000	\$3,050	\$6,000
\$400,001 to \$450,000	\$3,050	\$6,500
\$450,001 to \$500,000	\$3,050	\$7,500
\$500,001 to \$550,000	\$3,050	\$8,500
\$550,001 to \$650,000	\$3,050	\$9,500
\$650,001 to \$750,000	\$3,050	\$10,500
\$750,001 and above	\$3,050	*

*Add an additional \$1,500 for each \$100,000 increment in purchase price.

Effective July 1, 2003, documented vessels purchased for purposes of marine construction, including but not limited to barges, dredges, marine cranes, and other marine equipment

utilized for construction or dredging of waterways are exempt from the in-lieu tax.

Applicants who qualify for this exemption must submit a statement with their application that declares this exemption.

REMINDERS

- Please do not remove the carbon paper when filing a lien using the five-part *Missouri Application for Title and License* (DOR-108). Removing the carbon paper may result in receiving a lien receipt that is not properly validated.
- When using the five-part *Missouri Application for Title and License* (DOR-108) to file a lien, it is not necessary to file a separate *Notice of Lien or Lien Release* (DOR-4809) form.
- In the event there is a **second lienholder and/or subject to future advances** completed in the "mail to" area of the application and the owner needs the title mailed to a different address, a *Return Title Slip* (DOR-1319) must be completed and submitted, and the owner **must pay the \$5.00** expeditious title fee. If there is not a second lienholder and/or subject to future advances recorded, the mail-to address may be recorded in the "mail-to" section of the title application, and the above does not apply.
- Processing fees are **in addition** to all applicable title fees. When applying for a quick title and filing a NOL at the same time, \$18.50 is the total amount due (\$8.50 title fee, \$5.00 quick title fee, \$2.50 title processing fee, and \$2.50 NOL processing fee).
- There is no title fee for Junk Certificates. However, a \$2.50 processing fee is due.
- All of the owner's information section must be completed on the NOL forms prior to filing with the department. Incomplete information may result in the lien not being perfected correctly.

NOTICE OF LIEN AND LIEN RELEASE FORM (DOR-4809)

The newly revised *Notice of Lien or Lien Release* (DOR-4809) is now in stock. When there is a complete change of ownership and no second lien we encourage you to **file your liens online**, using the department's new Internet System at

www.dorx.mo.gov. You may also use the five-part *Application for Missouri Title and License* (DOR 108) to apply for title and file your liens.

- When there is no complete change of ownership and you are adding a lien, please ensure you submit the following to perfect your lien on a vehicle:
 - ✓ Five-part *Missouri Application for Title and License* (DOR-108) that contains the Notice of Lien (NOL) in the fourth and fifth copies;
 - ✓ Certificate of ownership;
 - ✓ **\$8.50 title fee** and \$5.00 quick title fee, if applicable; and
 - ✓ \$5.00 processing fee (\$2.50 for the NOL and \$2.50 for the title application).
- To **release a lien**, you may use one of the following documents:
 1. The Notice of Lien or Lien Release form (DOR-4809). You may use a photocopy of the DOR-4809 as long as you attach the **original of the copy** to the title for the owner; or
 2. Your business letterhead containing the following information:
 - ✓ Owner's name and address;
 - ✓ Complete vehicle information (year, make, and vehicle identification number);
 - ✓ Lien release date;
 - ✓ Lienholder's name and address; and
 - ✓ Printed name and signature of the lienholder's authorized agent.

If the lien release is on any thing other than letterhead, it will be rejected. The lien release **must be notarized**. The lien release must be sent to the owner to attach to the Certificate of Title. Do not send the release directly to the department. The only way the department can remove the lien from the vehicle record is through an application for title.

Remember that **liens released on or after July 1, 2003, cannot be released on the face of the Missouri Certificate of Title** but must be on a separate notarized document as noted above.

Some states still require the lien to be released on the face of the title. For these states, Missouri will accept this method of lien release. The out-of-state title must be notarized only if that state currently requires the release to be notarized.

PROCESSING FEE CLARIFICATION

Effective July 1, 2003, the law requires state offices to collect the same processing fees as agent offices collect. Here are the **processing fees** for common transactions:

- ✓ Application for title - \$2.50;
- ✓ Application for title with no complete change of ownership that includes the fourth and fifth copy of the application (NOL copies) or a separate NOL - \$5.00; and
- ✓ NOL - \$2.50.

In **addition to title and registration fees**, these processing fees will be due.

DEALER TRAINING

The next dealer training session is scheduled for November 18, 2003, in the Harry S Truman Building, Room 510, in Jefferson City, Missouri. To enroll, you may call (573) 751-8343.

SPECIAL MOBILE EQUIPMENT

In accordance with Sections 301.010 and 301.133, RSMo special mobile equipment is not required to be titled and registered. Businesses selling special mobile equipment are not required to register as motor vehicle/boat dealers but must be registered with Business Tax and possess a Missouri Retail Sales Tax License. The seller must collect sales tax at the time of sale. If a motor vehicle/boat dealer sells special mobile equipment in addition to motor vehicles, the special mobile equipment sales should not be reported on the dealer's monthly sales reports submitted to the Driver and Vehicle Services Bureau. To obtain a Missouri sales tax license, contact Business Tax at (573) 751-5860.

POWER OF ATTORNEY (POA)

A regular POA **cannot be used** in situations where the person signing for the buyer and the seller is the same person or when different persons sign for the buyer and seller but represent/work for the same entity. For example, if Jane Doe's car is being transferred to her insurance company, she could not appoint her insurance company or anyone who works for or represents her insurance company as POA. Jane Doe must appoint her POA to a third uninterested party to properly assign the title.

DOCUMENTED VESSEL REGISTRATION REQUIREMENTS INFORMATION CARD

The Documented Vessel Registration Requirements (DOR-5008) information card has been revised and is available to order. You may order the revised form by calling (573) 526-1234 or by accessing our web site at **www.dor.mo.gov/mvdl/motorv/forms**.

INTERNET APPLICATION FOR FILING LIENS AND/OR ACCESSING RECORDS ONLINE

Lienholders and dealers who have contracted with lienholders are now able to file their liens via the Internet by using the department's new Lien Internet Filing Exchange system. Dealers and lienholders who qualify under the Driver's Privacy Protection Act and are approved by the department may also access the department's motor vehicle and marine title and lien records using the online system.

The new system is now available for use and can be accessed by logging on to **www.dorx.mo.gov**.

DEALER REGISTRATIONS RENEWALS

All dealer registration renewals were mailed the last week of August and must be returned to the department by **October 30, 2003**, to avoid penalties. If you did not receive a renewal notice or have questions, please contact the Dealer's Licensing Section at (573) 751-8343.

Effective August 28, 2003, a \$5 fee will be charged for all Missouri State Highway Patrol character record searches for each owner of a dealership when applying for or renewing a dealer license.

MOTORIZED BICYCLES (MOPEDS)

Sections 301.010 and 307.180, RSMo define a motorized bicycle as any two-wheeled or three-wheeled device having an automatic transmission and a motor with a cylinder capacity of not more than fifty cubic centimeters, which produces less than three gross brake horsepower, and is capable of propelling the device at a maximum speed of not more than thirty miles per hour on level ground. Motorized bicycles also include motorized scooters.

Since a motorized bicycle is neither a “vehicle” nor a “motor vehicle”, the Department of Revenue does **not** title or register these units.

Persons engaged in the business of selling motorized bicycles do not have to be registered motor vehicle dealers; however, any retail store or dealer that sells motorized bicycles is responsible for collecting the sales tax due at the time of sale.

Motorized bicycles are not subject to Missouri’s financial responsibility laws, nor Missouri law requiring the operator to wear protective headgear. The operation of a motorized bicycle is prohibited on a public street unless the driver holds a valid operator’s license. The operation of motorized bicycles on interstate highways is also prohibited.

TITLE PENALTIES INCREASE NOVEMBER 1, 2003

Effective November 1, 2003, the maximum title penalty increases from \$100 to \$200. The penalty increases in increments of \$25 for each 30 days of delinquency up to \$200. For example, if a vehicle purchaser bought a vehicle on January 3, 2003, and applies for title on November 3, 2003, a \$200 title penalty is due. If the vehicle was purchased on June 3, 2003, a \$125 title penalty is due. **Please inform your customers about the title penalty increase.**

ARKANSAS TITLES BRANDED PREVIOUS DAMAGE

Effective August 1, 2003, any application for title accompanied by an Arkansas title with a “PREVIOUS DAMAGE” brand on the title must be accompanied by a completed *Vehicle Examination Certificate* (DOR-551). This only applies to vehicles seven years of age or less. For example, during 2003, applications for title on 1996 and newer model vehicles with an Arkansas title branded “PREVIOUS DAMAGE” must be accompanied by a DOR-551 form. These transactions must be submitted directly to the Central Office in Jefferson City.

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